

WITHDRAWN

FILED JAN 2 1992
H.F. 2061 substituted 1/29
SENATE FILE 2060
BY COMMITTEE ON STATE GOVERNMENT
Approved (p. 129)
(SUCCESSOR TO SSS 2020)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the transfer of assets of terminated city fire
2 or police retirement systems to the statewide system,
3 providing for the use of excess funds of terminated city
4 systems, providing for certain benefits for employees of the
5 statewide system, and providing effective and retroactive
6 applicability dates.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2060

1 Section 1. Section 411.38, subsection 2, Code 1991, is
2 amended to read as follows:

3 2. Transfer from each terminated city fire or police
4 retirement system to the statewide system amounts sufficient
5 to cover the accrued liabilities of that terminated system as
6 determined by the actuary of the statewide system. If the
7 actuary of the statewide system determines that the assets
8 transferred by a terminated system are insufficient to fully
9 fund the accrued liabilities of the terminated system as
10 determined by the actuary as of January 1, 1992, the
11 participating city may enter into an agreement with the
12 statewide system to make additional annual contributions
13 sufficient to amortize the unfunded accrued liability of the
14 terminated system. The terms of an amortization agreement
15 shall be based upon the recommendation of the actuary of the
16 statewide system, and the agreement shall do each of the
17 following:

18 a. Allow the city to make additional annual contributions
19 over a period not to exceed thirty years from January 1, 1992.

20 b. Provide that the city shall pay a rate of return on the
21 amortized amount that is at least equal to the estimated rate
22 of return on the investments of the statewide system for the
23 years covered by the amortization agreement.

24 c. Contain other terms and conditions as are approved by
25 the board of trustees for the statewide system.

26 Sec. 2. Section 411.38, unnumbered paragraph 2, Code 1991,
27 is amended to read as follows:

28 It is the intent of the general assembly that a terminated
29 city fire or police retirement system shall not subsidize any
30 portion of any other system's unfunded liabilities in
31 connection with the transition to the statewide system. If
32 the assets of a terminated city fire or police retirement
33 system exceed the amount sufficient to cover the accrued
34 liabilities of that terminated system as of January 1, 1992,
35 as determined by the actuary of the statewide system, all

1 excess funds and the interest and earnings from those excess
2 funds shall be used only to reduce the city's contribution
3 rate to the statewide system. The participating city shall
4 determine what portion of the excess funds shall be applied to
5 reduce the city's contribution rate for a given year.

6 Sec. 3. NEW SECTION. 411.39 BENEFITS FOR EMPLOYEES OF
7 THE BOARD OF TRUSTEES FOR THE STATEWIDE SYSTEM.

8 1. As used in this section, unless the context otherwise
9 requires:

10 a. "Benefit programs" mean the state life insurance
11 program, the state health or medical insurance program, and
12 the state employees disability program administered by the
13 department of personnel.

14 b. "Employees" mean the secretary and other employees of
15 the board of trustees for the statewide fire and police
16 retirement system.

17 2. Employees are eligible to participate in the benefit
18 programs for state employees. Participation in the benefit
19 programs is optional, and an employee may participate by
20 filing an election, in writing, with the board of trustees for
21 the statewide system. The board of trustees shall file these
22 elections with the department of personnel.

23 3. The board of trustees shall determine what, if any,
24 amount of the costs or premiums of the benefit programs shall
25 be paid by the participating employees, and shall deduct the
26 amount from the wages of the participating employees. The
27 board of trustees shall pay the remaining costs or premiums of
28 the benefit programs from the fire and police retirement fund,
29 including any portion to be attributed to an employer and
30 shall forward all amounts paid by participating employees and
31 the board to the department of personnel.

32 4. Participating employees shall be exempted from
33 preexisting medical condition waiting periods. Participating
34 employees may change programs or coverage under the state
35 health or medical service group insurance plan subject to the

1 enrollment rules established for full-time state employees
2 excluded from collective bargaining as provided in chapter 20.
3 A participating employee or the participating employee's
4 surviving spouse shall have the same rights upon final
5 termination of employment or death as are afforded full-time
6 state employees and the employees' surviving spouses excluded
7 from collective bargaining as provided in chapter 20.

8 Sec. 4. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

9 This Act, being deemed of immediate importance, takes effect
10 upon enactment, and sections 1 and 2 apply retroactively to
11 May 3, 1990.

12 EXPLANATION

13 This bill pertains to two aspects of the transfer of assets
14 from terminated city fire or police retirement systems to the
15 statewide system established under chapter 411. The statewide
16 system was established January 1, 1992. However, some of the
17 terminated city systems transferred assets which were
18 insufficient to fund the accrued liabilities of those systems,
19 whereas other terminated city systems transferred assets in
20 excess of their accrued liabilities as determined by the
21 actuary of the statewide system. The bill permits those
22 cities which are underfunded to amortize the unfunded accrued
23 liabilities by entering into an agreement with the statewide
24 system. The bill permits amortization for a period not to
25 exceed 30 years, and requires the amortization agreement to
26 state that the rate of return on the amortized funds shall be
27 at least as high as the estimated rate of return on
28 investments for the statewide system. The bill provides that
29 for those terminated systems with excess funds, the excess
30 funds and their returns shall be used to reduce the city's
31 contribution rate to the statewide system. These provisions
32 are immediately effective upon enactment and retroactively
33 applicable to May 3, 1990, the date of enactment of the
34 legislation establishing the statewide system.

35 The bill also provides that employees of the board of

1 trustees for the statewide system may elect to participate in
2 state life, health or medical, or disability insurance
3 programs administered by the department of personnel. The
4 bill provides that the board of trustees shall determine the
5 amount of the costs to be deducted from the wages of
6 participating employees, and shall pay remaining costs or
7 premiums, including any employer share, to the department of
8 personnel. This provision is also effective upon enactment.
9 The bill may include a state mandate as defined in section
10 25B.3.

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SENATE FILE 2060

S-5010

1 Amend Senate File 2060 as follows:

2 1. By striking page 1, line 26 through page 3,
3 line 11, and inserting the following:

4 "Sec. ____ . EFFECTIVE AND RETROACTIVE APPLICABILITY
5 DATES. This Act, being deemed of immediate
6 importance, takes effect upon enactment, and applies
7 retroactively to May 3, 1990."

8 2. Title page, by striking lines 2 through 6 and
9 inserting the following: "or police retirement
10 systems with unfunded accrued liabilities to the
11 statewide system, and providing effective and
12 retroactive applicability dates."

13 3. By renumbering and correcting internal
14 references as necessary.

By JOHN KIBBIE

S-5010 FILED JANUARY 29, 1992

ADOPTED (7 15-9)

KIBBIE, W.
DIELEMAN
DRAKE

SSB 2020
STATE GOVERNMENT
Now

SENATE/HOUSE FILE 2060
BY (RECOMMENDED BY PUBLIC
RETIREMENT SYSTEMS
COMMITTEE)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the transfer of assets of terminated city fire
2 or police retirement systems to the statewide system, and
3 providing effective and retroactive applicability dates.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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2 amended to read as follows:

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4 retirement system to the statewide system amounts sufficient
5 to cover the accrued liabilities of that terminated system as
6 determined by the actuary of the statewide system. If the
7 actuary of the statewide system determines that the assets
8 transferred by a terminated system are insufficient to fully
9 fund the accrued liabilities of the terminated system as
10 determined by the actuary as of January 1, 1992, the
11 participating city may enter into an agreement with the
12 statewide system to make additional annual contributions
13 sufficient to amortize the unfunded accrued liability of the
14 terminated system. The terms of an amortization agreement
15 shall be based upon the recommendation of the actuary of the
16 statewide system, and the agreement shall do each of the
17 following:

18 a. Allow the city to make additional annual contributions
19 over a period not to exceed thirty years from January 1, 1992.

20 b. Provide that the city shall pay a rate of return on the
21 amortized amount that is at least equal to the estimated rate
22 of return on the investments of the statewide system for the
23 years covered by the amortization agreement.

24 c. Contain other terms and conditions as are approved by
25 the board of trustees for the statewide system.

26 Sec. 2. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.
27 This Act, being deemed of immediate importance, takes effect
28 upon enactment, and applies retroactively to May 3, 1990.

29 EXPLANATION

30 This bill pertains to the transfer of assets from
31 terminated city fire or police retirement systems to the
32 statewide system established under chapter 411. The statewide
33 system was established January 1, 1992. However, some of the
34 terminated city systems transferred assets which were
35 insufficient to fund the accrued liabilities of those systems.

1 The bill permits those cities which are underfunded to
2 amortize the unfunded accrued liabilities by entering into an
3 agreement with the statewide system. The bill permits
4 amortization for a period not to exceed 30 years, and requires
5 the amortization agreement to state that the rate of return on
6 the amortized funds shall be at least as high as the estimated
7 rate of return on investments for the statewide system.

8 The bill is immediately effective upon enactment and
9 retroactively applicable to May 3, 1990, the date of enactment
10 of the legislation establishing the statewide system. The
11 bill may include a state mandate as defined in section 25B.3.

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